

Foreign Aid in 1951

GROSS foreign aid of the United States Government in 1951 amounted to \$5 billion, about one-twelfth above the preceding year. The change from 1950 was more marked in the character of aid than in total amount. Military aid in 1951 reached \$1.6 billion—a billion dollars more than in 1950. This increase more than compensated for the 16-percent decline in economic assistance from \$4.1 billion to \$3.4 billion. Several economic-aid programs were curtailed; the total amount provided by those which were consolidated into the mutual-security program by the October 1951 legislation declined less than one-tenth.

The 1951 aid remained from one-half to one billion dollars less than the annual totals in postwar years through 1949. Gross aid for the postwar period through 1951 totals \$35.6 billion, exclusive of the Government's investment of \$3.4 billion in the International Bank for Reconstruction and Development and the International Monetary Fund.

Most aid in grant form

Grants continued to predominate as the basis of United States Government foreign aid last year, while credit utilization

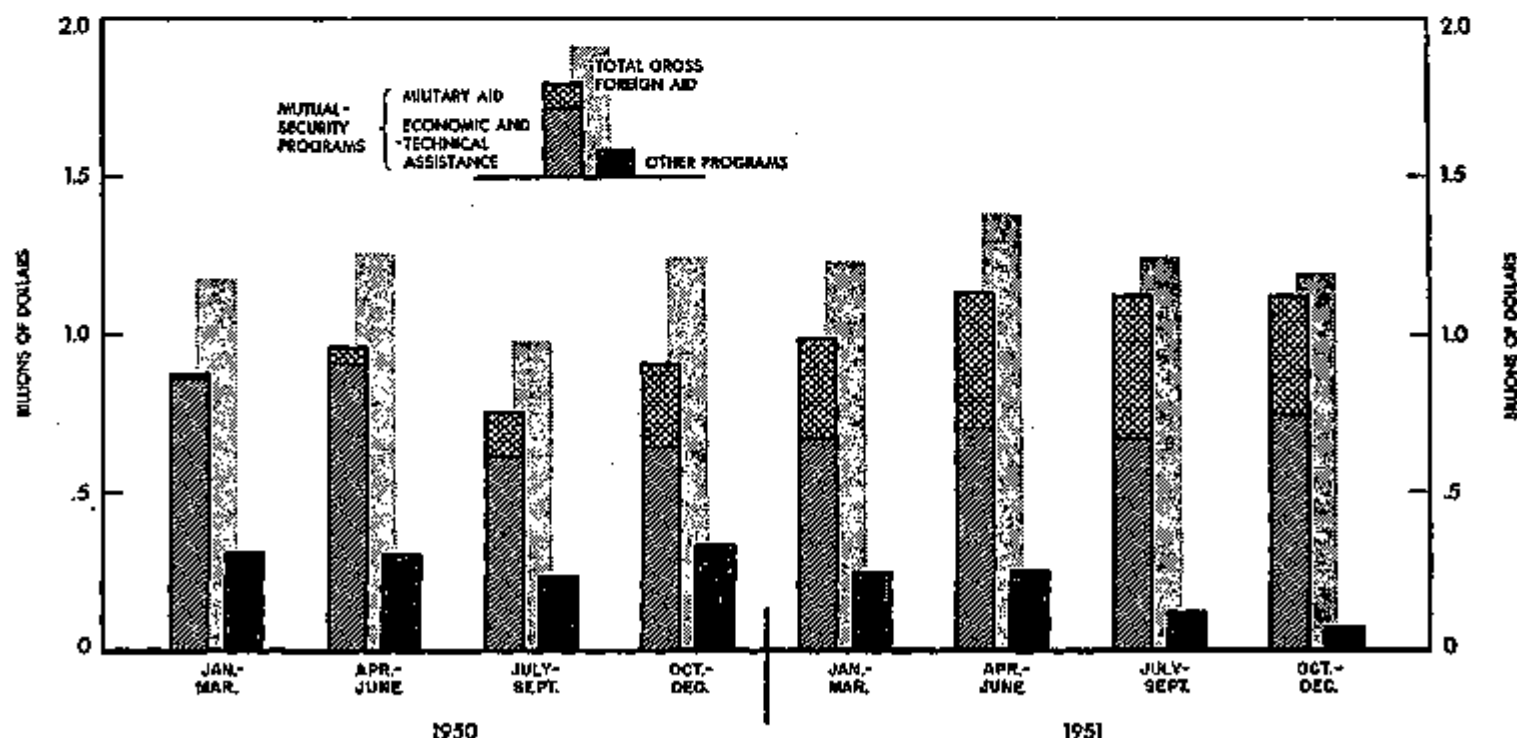
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tions declined to a 6-year low. Credit repayments in the last quarter of 1951—when repayment of United Kingdom postwar credits began—outweighed credit utilizations in that period, resulting in a net repayment position. Net foreign aid, taking into account receipts by the United States Government of reverse grants and returns of grants, as well as the credit repayments, was \$4.6 billion in 1951, bringing the postwar net aid to a total of \$32.7 billion.

Enactment of the Mutual Security Act consolidated most Government foreign-aid operations into one program. Those operations now included in the mutual-security program represented 86 percent of total aid in 1951, in comparison with 75 percent in the preceding year. As of the last quarter of 1951, the European program for economic and technical assistance still represented the largest individual component—comprising one-half—of gross foreign aid. However, in the previous year such aid, then identified as the European-recovery program, had been the source of almost half a billion dollars more assistance abroad, and had constituted two-thirds of the aid.

Foreign Aid

Mutual-security programs provided 86 percent of aid in 1951



Economic aid to United Kingdom declines

The European-recovery program was absorbed into the mutual-security program as a defense supporting constituent, to insure the full effectiveness of North Atlantic Treaty Organization countries' military aid, which comprises over

half of currently programed aid. The recovery program from its inception in April 1948 through 1951 provided \$12.4 billion in assistance, or 57 percent of gross aid in that period.

The countries participating in the European-recovery program as members of the Organization for European Economic Cooperation (OEEC) also obtained aid from other

Table 1.—Summary of Foreign Aid (Grants and Credits), by Program: July 1, 1945 Through Dec. 31, 1951

(Millions of dollars)

Program	Total postwar period	Before European recovery program period	During European recovery program period											
			Total	April 1948-December 1949	1950					1951				
					Total	January-March	April-June	July-September	October-December	Total	January-March	April-June	July-September	October-December
Gross foreign aid ¹	36,571	16,526	20,045	10,379	4,638	1,171	1,253	974	1,237	5,020	1,230	1,373	1,239	1,182
Grants utilized	25,755	8,091	17,664	8,878	4,180	1,037	1,128	885	1,120	4,001	1,106	1,277	1,135	1,084
Less: Credit-agreement offsets to grants	1,290	1,283	3	1	2		2							
Credits utilized	11,073	8,435	2,381	1,501	463	135	117	91	111	428	122	96	104	106
Less: Returns	2,845	1,022	1,823	961	476	162	163	104	168	454	38	81	127	168
Reverse grants and returns on grants	1,000	490	501	204	157	41	50	37	38	140	39	35	33	34
Principal collected on credits	1,700	532	1,168	609	310	60	112	67	70	314	69	46	96	116
Equals: Net foreign aid	+32,730	+14,508	+18,221	+9,418	+4,160	+1,070	+1,081	+871	+1,129	+4,575	+1,120	+1,282	+1,111	+1,042
Net grants	+23,469	+6,809	+17,670	+8,883	+4,182	+1,038	+1,080	+886	+1,098	+4,491	+1,105	+1,282	+1,102	+1,080
Net credits	+9,307	+7,700	+1,141	+635	+478	+132	+117	+95	+111	+484	+115	+96	+102	+98
Grants utilized	25,755	8,091	17,664	8,878	4,180	1,037	1,128	885	1,120	4,001	1,106	1,277	1,135	1,084
Loans	1,045	1,045	(?)	(?)										
Mutual security:														
Economic and technical assistance	10,717		10,717	5,515	2,841	700	873	500	609	2,562	622	678	506	600
Military aid	2,048		2,048		468	12	61	133	270	1,678	326	423	464	377
Civilian supplies	8,420	2,412	3,007	2,108	908	122	128	115	153	322	81	138	71	33
UNRRA, post-UNRRA, and interim aid	3,448	3,179	271	271	(?)	(?)	(?)							
Philippine rehabilitation	831	130	700	322	166	30	37	34	65	12	4	4	3	1
Greek-Turkish aid	459	165	294	294	69	32	12	8	7	0	3	3	3	1
Chinese stabilization and military aid	242	120	122	110	5	3	(?)	1	2	3	(?)	2	(?)	3
Other	632	145	485	230	141	30	37	34	60	114	60	20	9	8
Reverse grants and returns on grants	1,000	490	501	204	157	41	50	37	38	140	39	35	33	34
Reverse loans	133	133	1	1										
Return of loan-losses	321	230	71	40	9		9			23	10			13
War-account cash settlements	120	117	3	3										
Counterpart funds:														
Economic and technical assistance	505		505	283	144	41	40	30	27	110	27	33	30	20
Military aid	11		11		4	(?)	1	1	1	0	1	2	3	1
Credits utilized	11,073	8,435	2,384	1,503	453	135	117	91	111	428	122	96	104	106
Special British loan	3,750	3,750			200	60	58	37	44	204	79	60	30	28
Export-Import Bank	2,937	2,937	840	445	103	30	33	40	44	222	83	61	30	28
Direct loans	2,504	1,942	862	447	7	10	1	1	1	4	1	1	1	1
Loans through agent banks	132	145	Cr 13	Cr 2						Cr 18	Cr 4	Cr 16	(?)	(?)
Surplus property (including merchant ships)	1,238	1,238	182	98	2	2	(?)	(?)	(?)	2	(?)	1		1
Credit-agreement offsets to grants	1,290	1,283	3	1	2		2							
Land-loans (excluding settlement credits)	89	23	6	5	1		(?)	(?)						
Mutual security (including loans to Spain and India)	1,277		1,277	894	164	58	30	40	25	200	30	25	70	75
Other	420	260	147	48	54	17	20	4	35	13	4	6	4	2
Principal collected on credits	1,700	523	1,177	604	310	60	112	67	70	314	69	46	96	116
Special British loan	44		44							44				44
Export-Import Bank	864	100	664	362	100	40	32	30	40	134	31	19	23	61
Direct loans	686	140	537	239	118	30	15	27	47	130	30	18	33	60
Loans through agent banks	168	45	120	74	41	10	17	12	2	5	1	2	1	3
Surplus property (including merchant ships)	202	29	173	73	42	10	12	11	0	55	17	9	21	12
Credit-agreement offsets to grants	44	10	34	8	4	1	3	1	(?)	21	1	1	13	7
Land-loans (excluding settlement credits)	34	0	25	11	0	(?)	1	5	(?)	7	1	(?)	5	(?)
Other	588	270	308	153	107	10	94	11	21	48	10	16	23	

¹ Foreign aid is defined to comprise two categories—grants and credits. Grants are largely outright gifts for which no payment is expected, or which at most involve an obligation on the part of the receiver to extend aid to the United States or other countries to achieve a common objective. Credits are loans or other agreements which give rise to specific obligations to repay, over a period of years, usually with interest. In some instances assistance has been given with the understanding that a decision as to repayment will be made at a later date; such assistance is included in grants. At such time as an agreement is reached for repayment over a period of years, a credit is established. Because such credits cannot, as a rule, be deducted from specific grants recorded in previous periods, they are included in both grants for the earlier period and credits (at the time of the agreement), and the amounts of such credit-agreement offsets to grants are deducted from the total grants and credits in arriving at gross foreign aid. All known returns to the U. S. Government stemming from grants and credits are taken into account in net foreign aid. Gross foreign aid less the returns is net foreign aid, which is shown as net grants and net credits. Foreign aid is measured, for the different mechanical of assistance in use, as follows: (1) at the time of shipment of goods or extension of a service, for procurement made by a U. S. Government agency; (2) at the time of payment when cash aid is disbursed to a foreign government or other foreign entity, including disbursements for procurement made by that government, or entity, or its agents; (3)

at the time of disbursement to a United States supplier or to a United States bank (for payment to suppliers) on behalf of a foreigner for procurement made on a letter of credit authorized by a Government agency; or (4) at the time of formal agreement, for obligations assumed by a foreign government, including bulk sales of surplus property under credit agreements. The Government's capital investments in the International Bank (\$245 million) and International Monetary Fund (\$2,750 million) are not included in gross foreign aid although they constitute an additional measure taken by this Government to promote foreign economic recovery. Payments to these international financial institutions do not result in immediate equivalent aid to foreign countries. Use of available dollar funds is largely determined by the management of the two institutions, subject to certain restraints which can be exercised by the U. S. Government.

² Less than \$500,000.

³ Negative entry of less than \$500,000 results from refunds of cash aid.

⁴ Negative entry results from excess of EIB repurchases from agent banks over agent-bank disbursements.

Source: U. S. Department of Commerce, Office of Business Economics.

Table 2.—Summary of Foreign Aid (Grants and Credits), by Major Country: July 1, 1945 Through Dec. 31, 1951

(Millions of dollars)

Major country	Total postwar period	Before European recovery program period	During European recovery program period											
			Total	April 1948-December 1949	1950					1951				
					Total	January-March	April-June	July-September	October-December	Total	January-March	April-June	July-September	October-December
Gross foreign aid (grants and credits) ¹	35,671	15,528	20,043	10,370	4,638	1,171	1,283	976	1,237	5,829	1,228	1,375	1,229	1,191
Less: Returns	2,856	1,022	1,834	803	476	202	152	164	208	354	29	81	227	148
Equals: Net foreign aid	+32,714	+14,506	+18,211	+9,567	+4,162	+1,070	+1,131	+812	+1,029	+5,475	+1,200	+1,292	+1,002	+1,042
OECD countries and participating dependent areas:														
Gross foreign aid	26,230	10,053	16,177	8,022	3,548	912	958	765	883	2,588	670	1,022	907	778
Less: Returns	1,703	557	1,146	472	315	70	70	72	94	380	63	68	104	118
Equals: Net foreign aid	+24,527	+9,496	+15,031	+7,550	+3,233	+842	+888	+693	+789	+2,208	+607	+954	+803	+660
Austria:														
Gross foreign aid	919	209	620	346	112	42	39	17	10	161	26	53	87	45
Less: Returns	45	(2)	43	15	12	4	3	4	2	14	3	5	2	3
Equals: Net foreign aid	+874	+211	+577	+331	+100	+38	+36	+13	+8	+147	+23	+48	+85	+42
Belgium-Luxembourg:														
Gross foreign aid	778	222	556	309	101	62	40	63	86	66	27	68	36	2
Less: Returns	58	5	43	20	14	3	7	3	2	13	4	2	6	2
Equals: Net foreign aid	+720	+217	+513	+289	+87	+59	+33	+60	+84	+53	+23	+66	+30	(?)
British Commonwealth: United Kingdom:														
Gross foreign aid	5,049	4,179	2,770	1,824	710	214	228	136	184	250	64	66	38	50
Less: Returns	811	425	386	206	103	20	20	19	23	107	14	18	24	53
Equals: Net foreign aid	+4,238	+3,754	+2,384	+1,618	+607	+194	+208	+117	+161	+143	+50	+48	+14	-3
France:														
Gross foreign aid	4,576	2,119	2,458	1,408	514	183	140	94	120	478	111	130	117	109
Less: Returns	267	30	237	104	51	18	8	16	9	77	26	7	86	8
Equals: Net foreign aid	+4,309	+2,089	+2,221	+1,304	+463	+165	+132	+78	+111	+401	+85	+123	+31	+101
Germany:														
Gross foreign aid	3,059	1,026	2,033	1,708	624	138	134	100	112	366	127	120	97	23
Less: Returns	108	18	90	63	18	4	5	2	4	21	6	8	7	4
Equals: Net foreign aid	+2,951	+1,008	+1,943	+1,645	+606	+134	+129	+98	+108	+345	+121	+112	+90	+19
Greece:														
Gross foreign aid	1,447	583	865	600	164	43	39	30	34	210	37	49	68	56
Less: Returns	68	5	63	21	14	3	3	4	4	10	4	4	5	3
Equals: Net foreign aid	+1,379	+578	+802	+579	+150	+40	+36	+26	+30	+200	+33	+45	+63	+53
Italy:														
Gross foreign aid	2,436	1,070	1,366	747	290	77	100	75	28	300	83	101	82	33
Less: Returns	133	17	116	37	30	14	6	11	5	42	15	7	16	0
Equals: Net foreign aid	+2,303	+1,053	+1,250	+710	+260	+63	+94	+64	+23	+258	+68	+94	+66	+33
Netherlands:														
Gross foreign aid	1,172	298	874	448	276	68	110	87	41	160	40	42	29	28
Less: Returns	141	14	127	36	53	3	7	8	35	48	3	8	5	30
Equals: Net foreign aid	+1,031	+284	+747	+412	+223	+65	+103	+79	+6	+112	+37	+34	+24	-2
Turkey:														
Gross foreign aid	320	29	301	164	73	20	17	16	10	63	11	11	20	22
Less: Returns	28	6	22	7	8	2	3	2	1	7	3	1	1	3
Equals: Net foreign aid	+292	+23	+279	+157	+65	+18	+14	+14	+9	+56	+8	+10	+19	+19
Other OECD countries: ²														
Gross foreign aid	2,071	228	2,743	453	748	87	120	187	334	1,548	312	424	402	418
Less: Returns	60	1	60	20	23	7	6	4	8	10	5	6	8	3
Equals: Net foreign aid	+2,011	+227	+2,683	+433	+725	+80	+114	+183	+326	+1,538	+307	+418	+394	+415
Other Europe:														
Gross foreign aid	1,748	1,547	291	25	41	7	10	9	14	125	32	25	36	29
Less: Returns	104	25	79	42	19	2	11	8	1	20	2	2	1	15
Equals: Net foreign aid	+1,644	+1,522	+212	-17	+22	+5	-2	+1	+13	+105	+30	+23	+35	+14
American Republics: ³														
Gross foreign aid	782	300	482	163	95	22	19	25	16	265	60	60	60	50
Less: Returns	258	72	186	57	57	9	14	25	9	47	10	11	14	11
Equals: Net foreign aid	+524	+228	+296	+106	+38	+13	+5	(?)	+7	+218	+50	+49	+46	+39
China-Taiwan (Formosa):														
Gross foreign aid	1,890	1,444	446	308	26	9	4	4	7	73	14	12	16	22
Less: Returns	123	56	67	54	0	(?)	2	3	1	6	2	(?)	(?)	1
Equals: Net foreign aid	+1,767	+1,388	+379	+254	+26	+9	+2	+1	+6	+67	+12	+10	+15	+21
Japan and Ryukyu Islands:														
Gross foreign aid	2,643	1,027	1,616	958	807	70	111	66	62	263	70	119	51	13
Less: Returns	280	134	146	82	60	6	64	1	(?)	3	2	(?)	(?)	(?)
Equals: Net foreign aid	+2,363	+893	+1,470	+876	+747	+64	+47	+65	+61	+260	+68	+119	+51	+13
Korea:														
Gross foreign aid	501	136	405	185	112	28	20	10	54	108	16	23	34	54
Less: Returns	13	13	7	7	5	5	5	5	(?)	(?)	(?)	(?)	(?)	(?)
Equals: Net foreign aid	+488	+123	+398	+178	+107	+23	+15	+5	+49	+103	+15	+23	+34	+54
Philippines:														
Gross foreign aid	780	243	548	324	202	40	27	34	101	17	4	4	3	0
Less: Returns	18	13	5	7	(?)	(?)	(?)	(?)	(?)	4	4	4	(?)	(?)
Equals: Net foreign aid	+762	+230	+543	+317	+202	+40	+27	+34	+101	+13	+0	+0	+3	+0
All other countries: ⁴														
Gross foreign aid	2,084	227	1,857	385	219	66	77	71	95	602	112	114	148	218
Less: Returns	307	103	194	100	7	1	2	1	3	15	(?)	3	7	8
Equals: Net foreign aid	+1,777	+124	+1,663	+285	+212	+65	+75	+70	+92	+587	+109	+111	+141	+210

¹ See footnote 1 to table 1.² Less than \$500,000.³ Net (+) or less than \$500,000.⁴ Gross foreign aid and net foreign aid for Netherlands include \$17.2 million European recovery program credits to Netherlands on behalf of Indonesia (\$10.2 in April 1948-December 1949; and \$1.0 million in January-March 1950). All other aid to Indonesia, including grants under the European recovery program, is included in "All other countries."

Includes data for international organizations and data not allocable to specific countries.

Source: U. S. Department of Commerce, Office of Business Economics.

programs in this period. All told, they had received \$15 billion of the \$20 billion in United States Government grants and credits during that time. OEEC countries in 1951 received \$3.3 billion in foreign aid, the same amount as in the preceding year. Since military aid represented a much larger proportion of the total foreign aid to these OEEC countries, economic assistance declined by almost one-fourth. The most marked decline was in the United Kingdom.

However, economic aid to the United Kingdom rose in the final quarter of 1951 as a result of the special payment of \$40 million to reimburse the British for a portion of their gold payments to the European Payments Union (EPU). The United States Government had agreed to reimburse the United Kingdom for any net payments of dollars resulting from the use of pre-EPU accumulations of sterling by other participants in the settlement of their deficits with EPU.

Despite this rise, total economic assistance to the United Kingdom was \$491 million less in 1951 than in 1950. In the earlier year, \$130 million of the European-recovery aid was provided as conditional aid to the United Kingdom to offset its original credit to EPU; \$20 million of the assistance in the first quarter of 1951 was also of this type. Direct economic assistance to the United Kingdom not connected with EPU operations thus declined almost three-fourths from 1950 to 1951. Furthermore, the United Kingdom made large payments in servicing its outstanding credit liabilities to the United States, as a result of which its net position for economic aid declined to a net repayment position for the last quarter of 1951.

Patterns in Europe shift

Both gross and net economic aid to Belgium, Netherlands, France, and Germany also displayed marked declines in 1951. Over half of the Belgian 1951 assistance represented conditional aid to offset the original Belgian credit to EPU. The large decline for Germany was largely occasioned by the cessation of civilian-supply shipments to that country in 1951. Furthermore, European-recovery aid to Sweden was suspended in mid-1951. Although some aid was charged to Sweden in the last half of 1951, that country refunded \$34 million to the United States Government in February 1952.

On the other hand, economic assistance to Greece and Austria increased in 1951 to a large extent because of the special assistance (direct grants) provided by the United States Government to these two countries to meet their EPU deficits. Similar special assistance was also provided to Turkey and Iceland. While individual OEEC countries, on balance, experienced an aggregate decline of \$870 million in economic aid from 1950 to 1951, payments of capital contribution to EPU increased \$153 million to offset partially that decline. At the end of 1951, total United States Government capital contributions to EPU amounted to \$238 million of the \$350 million originally committed to enable EPU to make settlements with countries entitled to receive gold and dollars under the intra-European payments arrangement.

Large increases in other areas

It can be seen, therefore, that last year's increase in gross foreign aid was for the benefit of countries outside of the OEEC group. Most of the 32-percent increase in aid to the rest of the world arose from a sixfold increase in military assistance to the Asia and Pacific and American Republics areas. Economic assistance also increased, particularly as a result of the large credits furnished to India, Argentina, and Israel.

Economic assistance to the Near East and Africa was authorized as an addition to technical assistance in the mutual-security program. As a result of this expanded program, larger amounts of assistance flowed to Israel, Jordan, and to the United Nations for the relief of Palestine refugees in the last quarter of 1951. Significant amounts of aid to Burma, Indochina, Indonesia, and Thailand were provided, and assistance to China-Taiwan tripled in 1951.

Economic assistance to the Philippines was a great deal less last year than the year before, when large payments had been made for war-damage claims under the Philippine-rehabilitation program. Elsewhere in the Asia and Pacific area, the additional expenditures by the United States Armed Forces which were using Japan as a basing point for the anti-Communist operations in Korea had considerably eased the necessity for assistance to Japan by the end of 1951. Korea itself, however, received as much aid in 1951 as in 1950.

American Republics share military aid

The programs of technical assistance in the American Republics have been models for extension of similar assistance elsewhere. These programs—now almost entirely incorporated into the mutual-security program—were continued in 19 of the Republics last year. The American Republics also shared in the multilateral technical-assistance contributions which the United States made to the United Nations and to the Organization of American States for cooperative projects in 1951.

No military assistance was given the American Republics from appropriated funds last year although such aid was authorized in October as part of the mutual-security program. The mutual-security program also authorized sales of excess military equipment for cash amounts equal to the cost of repair and rehabilitation plus 10 percent of the original cost. The difference between the original cost of such equipment ("standard value") and the amount paid by the foreign government is reported here as a grant. These military grants accounted for a significant part of the 1951 increase in aid to the American Republics.

Military aid to rise further in 1952

Military aid will become an increasingly larger portion of foreign aid in the coming months. Authorizations for military aid which had yet to be furnished to foreign countries were in excess of \$11 billion at the end of December. Military equipment requires a long lead time in production—accentuated because of the United States' own demands on production for Korean operations—and much of the aid represented in the \$11 billion had been programmed and ordered as long as a year ago. The President's March 6 recommendation for new obligational authority for military aid was less than in the preceding year and emphasized the fact that, as the production pipeline filled, the rising actual deliveries of military aid would level off at the rate of recent annual appropriations.

Early in 1952 the economic and technical-assistance grants yet to be provided from funds already appropriated approximated \$2 billion, an amount sufficient to maintain the supply pipeline—at the current rate—for less than three months beyond the fiscal year end. Amounts available for credit assistance exceeded \$2½ billion. The latter amount includes \$1 billion added to the Export-Import Bank lending power in 1951 and that portion (at least 10 percent) which the Congress stipulated should be furnished on a credit basis from the appropriations for economic assistance for fiscal year 1952.